

**MINUTES OF THE REGULAR MEETING
BARRINGTON HILLS POLICE PENSION BOARD
April 22, 2013**

Call to Order. Vice President Borck called the meeting of the Barrington Hills Police Pension Board to order at 7:30 a.m. in the conference room of the Village Hall.

Roll Call. Present – Trustees Borck, White and Fernandez (3); Absent - President Hammelmann (1). Also present were A.J. Weber of Lauterbach & Amen, attorney Nanci Rogers of Robbins Schwartz, and Investment Advisor Dave Wall of Wall and Associates.

Agenda Adjustment. Vice President Borck announced that the meeting agenda will be adjusted to add announcement and recognition of Trustee election results under New Business.

Approval of Minutes. The Board reviewed a copy of the minutes from the February 4, 2013 regular meeting. Motion by Fernandez, seconded by White, to approve the minutes of the February 4, 2013 meeting.

Ayes: Trustees Borck, White and Fernandez (3).

Nays: None. Motion carried.

Approval of the minutes of the Special Board Meeting held on February 27, 2013 will be deferred to the July 2013 Board meeting because only 2 of the trustees who attended the February 27, 2013 special meeting are in attendance at today's Board meeting.

Payment of Bills. Motion by Borck, seconded by White, to pay the following bills:

Robbins Schwartz	\$ 4,686.18
Lauterbach & Amen	1,760.00
Wall & Associates	4,333.99
Trustee White - Reimbursement for Training fee	125.00
IPPFA	775.00

Ayes: Trustees Borck, White and Fernandez (3).

Nays: None. Motion carried.

Board Attorney Report. Attorney Rogers reminded the Board that all Trustees need to electronically file their Statement of Economic Interests with the Cook County Clerk no later than May 1, 2013, and that this is done through the Cook County Clerk's website. To file their statement, Trustees should access the website at www.cookcountyclerk.com, click on "ethics filing" and then "statements of economic interest." If any Trustees experience difficulty with logging in to get the form filed, they should let Rogers know and she will assist with the process. All trustees present indicated that they had completed their filings.

Rogers updated the status of the Board's Illinois Department of Insurance compliance audit advising the Board that after the Board's approval of the draft response at the February 27, 2013 Special Board meeting, the Response was timely submitted to the IDOI Examiner. The Board should receive a final disposition notice from the Examiner, which has not yet been received.

Rogers advised the Board that while there had been numerous pieces of proposed legislation discussed in the Illinois legislature over the past two months, none directly implicated changes for State police pension funds, but rather have addressed issues related to other State pension systems. At the federal level, Rogers noted that last week on April 18, 2013, a proposed Public Employee Pension Transparency Act had been introduced in the House of Representatives with similar companion legislation expected to be introduced in the Senate soon. The legislation proposes to set uniform standards for State and local pension reporting on the condition of pension funds by reporting of the funds' financial condition according to established assumptions about rates of return and discount rates, and uniform accounting for reporting liabilities. The proposed law would permit state and local pension funds to continue to use their own models and assumptions, but also require reporting according to the standardized rules and assumptions. In addition, there are now new GASB standards beginning with fiscal years ending on or after 6/30/15, that focus on accounting measurements of pension liabilities and not on how employers fund the cost of benefits or calculate their annual required contribution ("ARC"). Accordingly, employers will report any unfounded pension liability on the face of their financial statements, even if they fully fund each years ARC.

Accountant Report. A.J. Weber distributed a monthly financial report for the month ended March 31, 2013 prepared by Lauterbach & Amen, LLP. A copy of the report is attached to these minutes. The report depicted the statement of plan net assets for the Fund as of March 31, 2013, and the related statement of changes in plan net assets for the three months ending March 31, 2013. As of March 31, 2013, plan net assets held in trust were \$6,212,519 after an adjustment for expenses due and unpaid of \$6,123 and a year end timing adjustment issue of \$57,718. The change in net position for the three months ending March 31, 2013 was \$226,587. Total member contributions to the pension fund for the three months ending March 31, 2013 were \$42,579, and employer contributions totaled \$67,026. Total investment income for the three month period was \$188,595 for total revenues received in 2013 of \$298,200. Benefits paid and administrative expenses for the three months ending March 31, 2013 totaled \$71,613.

Weber also reviewed supplementary financial information contained in the report. As of March 31, 2013, the Fund's assets were invested 41% in equities and 54% in fixed income securities. Five (5) percent of the Fund's assets were invested in demand deposits and money market mutual funds, which count as fixed income investments. Weber also reviewed the member contribution report as of March 31, 2013, and the payroll journal and vendor checks reports for the month of March 2013.

Motion by Borck, seconded by White to accept the Accountants Report.

Ayes: Trustees Fernandez, Borck and White (3).

Nays: None. Motion carried.

Investment Report and Recommendations. Investment Adviser Dave Wall gave a general overview of the performance of the stock market during the first three months of 2013. Wall stated that during the first quarter of 2013, the S&P 500 was up about 210%, compared to 16% during 2012. Wall advised the Board that he has not yet increased the Funds' investment in equities by \$100,000, as agreed to by the Board late last year. Wall stated that he is continuing to look for the appropriate opportunity to do so. Wall distributed a report showing the status of the Fund's investment portfolio as of the first quarter of 2013. A copy of the report is attached to these minutes.

As of March 31, 2013, the Fund portfolio was invested approximately 41% in equities (24.6% in U.S. Stocks and 6.5% in non-U.S. stocks), including some investments in mutual funds, with the balance in fixed income securities. The market value of the Fund's portfolio was \$6,017,345 at the beginning of the first quarter and \$6,190,980 as of March 31, 2013. The Fund experienced a gain after management fees of \$185,596 during the quarter for an overall on year rate of return of 6.07%. Wall discussed the performance of the Fund's bonds during the first quarter which was weak. The fixed income portfolio gained \$17,164 before management fees during the first quarter and had an ending market value of \$4,109,003 as of March 31, 2013. This amounted to an increase of 42 basis points compared with an increase of 15 basis points in the benchmark. The Fund's fixed income portfolio is invested approximately 92% in US governments and 7½% in mortgages, with a current yield of 2.3%. The Funds' equity portfolio gained \$174,640 during the first quarter of 2013 for an overall return of 9.7% in the first quarter, compared to the benchmark return of 9.9% during the same period. Wall also reviewed the Funds' ETF holdings in the various industry sectors. Wall will look to add an additional \$100,000 to the Funds' equity holdings to get closer to the 45% allowable equity investment, as previously directed by the Board.

Motion by Fernandez, seconded by White to accept the Investment Report.

Ayes: Trustees Borck, White and Fernandez (3).

Nays: None. Motion carried.

Discussion to Adopt Rules for Public Comment at Board Meetings. The Board reviewed a copy of the Village of Barrington Hills Board of Trustee Rules Pertaining to Public Comment. The trustees generally discussed that the pension board had a practice and procedure it followed in allowing for public comment and was not certain whether the Board needed to adopt rules on the subject. The Board deferred further discussion on this topic to a subsequent Board meeting.

Discuss Contribution Refunds to Hodge and Hoffelt. Trustee Borck noted that there are two former pension board participants who had previously terminated employment with the Village and had contributions remaining the fund in the following amounts: Steven Hodge - \$2,606.01 and Vivian Hoffelt - \$837.61. The question was raised whether the Board should unilaterally refund these contributions. Attorney Rogers advised the Board that such refunds could be made only upon a request by the former participants for a refund, and that there would be potential tax implications to the individuals from a refund. Accountant Weber agreed that Lauterbach & Amen would

send a letter to these former participants advising them of their respective contribution balances and the option for them to formally request a refund of the contributions.

Discuss Refund to Montemayor. Rogers advised Board that while further investigating the IDOI audit finding regarding former pension participant Montemayor, it had been determined that on September 20, 2010, the Board had taken action on Montemayor's application for refund of pension contributions and had approved and issued a refund of all pension contributions to Montemayor. Accordingly, no additional refund was due to Montemayor. Accountant Weber confirmed that on September 28, 2010, total pension contributions in the amount of \$69,819.20 had been refunded to Montemayor with \$13,963.84 in federal withholding. Rogers will prepare a letter to the DOI Examiner regarding the matter and the fact that all pension contributions have been previously refunded to Montemayor.

Discuss Vacant Board Seat. Borck stated that to his knowledge, President Hammelmann had not been advised by the Mayor that an appointment had been made to the vacant trustee position. Appointment to the vacant seat requires written notice to the Board by the Mayor of such appointment. Borck acknowledged that Kelly Mazeski was attending the meeting as a member of the public and had stated that she believed the Mayor was appointing her to the Board for the open seat. Mazeski was invited to address the Board at the public comment session.

Public Comment. Mazeski addressed the Board and stated that it was her understanding that the Mayor was appointing her to the open position, and that she was ready to take the required 32 hours of new trustee training. Ms. Mazeski will check with the Mayor regarding the required written notice of appointment. Trustee Borck also agree to follow up on the issue.

Discuss Website. Trustee Borck stated that it had come to his attention that the Board's meeting minutes were not being posted on the Village website. A discussion followed about whether the Board should pursue having its own website, or be accessible through a link on the Village's website. Rogers advised the Board that Illinois statutes required the Pension Board to post approved meeting minutes on a website only if the Board maintained its own website. The Board deferred further discussion of the matter.

Board Election Results. Trustee Borck reported that a total of 19 ballots were sent to active pension participants and annuitants, and that 17 ballots were returned and been opened and tallied with President Hammelmann and Chief Murphey as witnesses. The results were as follows:

Hammelmann	16
Borck	16
Fernandez	16
Brian Baird	1 (write in)

Accordingly, Hammelmann, Borck and Fernandez were re-elected as Trustees. Motion by Borck, seconded by Fernandez to accept the election results.

Ayes: Trustees Borck, Fernandez, and White (3).
Nays: None. Motion Carried.

The newly elected Board will reorganize and elect all officers at the next Board meeting.

Next Meeting. It was announced that the next regular Board meeting will be July 22, 2013 at 7:30 a.m. at the Village Hall in the Village of Barrington Hills.

Adjournment. On motion by Fernandez, seconded by Borck, and unanimously carried by voice vote, the meeting was adjourned at 8:30 a.m.

APPROVED:

Vice President Borck

, 2013

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